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S E C R E T SECTION 01 OF 02 ASHGABAT 000527

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STATE FOR E, SCA/CEN, EEB
PLEASE PASS TO USTDA DAN STEIN
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

E.O. 12958: DECL: 04/22/2028
TAGS: [PGOV](#) [PREL](#) [EPET](#) [RS](#) [AJ](#) [TX](#)
SUBJECT: TURKMENISTAN'S PRESIDENT TO VISIT BAKU, SEEK
CASPIAN COMMERCIAL DEAL; REQUESTS U.S. QUIET DIPLOMACY

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

11. (S) SUMMARY: President Berdimuhamedov has asked the United States to play a watchful and helpful role as he negotiates with Azerbaijan's President Aliyev to establish a bilateral Caspian Sea commercial venture that would allow Turkmenistan's natural gas to flow Westward to Europe, bypassing Russia. END SUMMARY.

12. (S) Under Secretary of State for Economic, Energy, and Agricultural Affairs and Coordinator for International Energy Affairs Reuben Jeffery met for 90 minutes April 21 with President Gurbanguly Berdimuhamedov. The president told Jeffery he plans an official visit to Baku in May (date to be determined) and hopes to reach agreement with Azerbaijan's President Ilham Aliyev for a joint commercial venture in the disputed area of the Caspian Sea that would allow Turkmen natural gas to flow westward. Other topics reported septel.

LET TURKMEN GAS FLOW WEST TO EUROPE

13. (S) Berdimuhamedov made clear, as he has before, that he wants a joint commercial deal with Azerbaijan well before the two countries achieve bilateral Caspian delimitation, although the existing bilateral expert-level working group will continue its bimonthly deliberations "with lawyers and cartographers." He said he wants to link existing Turkmen and Azeri Caspian production infrastructures so that Turkmen gas can flow West, but he is not yet ready to approve the USTDA-proposed feasibility study. In his words, "The political comes first, then the technical."

DISPUTED CASPIAN FIELDS

14. (S) He wants the Turkmen gas that will flow West to come from a Turkmen-Azeri joint commercial venture in the disputed Caspian fields of Serdar, Osman, and Omar (named on the Azeri side Kyapaz and ACG). He all but made 100% Turkmen ownership

of Serdar/Kyapaz as his red line, but said Osman-Oman/ACG "can be discussed." He said he didn't especially care how the area is exploited -- by a consortium or by British Petroleum or by Chevron. He insisted such a deal would be profitable for both Turkmenistan and for Azerbaijan. Berdimuhamedov said if he and Aliyev can reach this deal, then the feasibility study would be the immediate next step.

U.S. QUIET DIPLOMACY

¶5. (S) Berdimuhamedov said to Jeffery, "If Aliyev and I cannot reach agreement, then we will need your help." He also asked that before he meets with Aliyev, the United States "help him (Aliyev) understand" the key points: Serdar/Kyapaz belongs 100% to Turkmenistan, Osman-Omar/ACG can be discussed, and the commercial joint venture is how to get Turkmen gas flowing directly West for Nabucco.

¶6. (S) Berdimuhamedov said one thing worries him. Restating for the umpteenth time Turkmenistan sells its gas at its border (littoral or maritime), he wants to know who will buy the gas that will ultimately flow west. He said he does not want multiple buyers, nor does he want what could become, as he put it, "a Russia-Ukraine" situation. He said he wants a reliable, long-term partner "without hanky-panky."

¶7. (S) Berdimuhamedov said Turkmenistan would consult closely with the United States as he works to achieve his goals with Azerbaijan. Pantomiming someone peering over a fence, he chuckled and said, "Every big neighbor is watching closely what we will do." He once again reiterated, "This is business, not politics." He then added, "We want a technical

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proposal from you" (specifically for this project).
(COMMENT: We suggest it would be a welcome gesture and would appear forthcoming if Under Secretary Jeffery would send a letter to Berdimuhamedov before/before the president goes to Baku outlining the international view of how a production pipeline and the associated bilateral joint venture could work, emphasizing that the "technical details" would be decided initially by the USTDA feasibility study. END COMMENT.)

KEEP IT OUT OF THE MEDIA

¶8. (S) In closing, Berdimuhamedov told Jeffery, I want to emphasize that I have been open and frank with you. After a separate meeting later in the day with Deputy Prime Minister/Foreign Minister Rashid Meredov, at the end of the meeting, in an unprecedented gesture, Meredov clasped Jeffery's arm and walked him out of the Ministry while emphasizing tete-a-tete and in English, "The president was very frank and open with you. We very much want to make this work." In a follow-on meeting at OOB the next morning, Meredov repeated the same points to the Charge. He emphasized, "Only Turkmenistan, Azerbaijan, and the United States will be in on this. We trust you, but this must remain very, very close hold. Tell your people in Washington we do not want to see this in the media. We do not want 'others' to cause problems." He further said he and Berdimuhamedov do not fully trust the European Union, and that is why, whenever European or other interlocutors bring up Nabucco, the president always asks, "Who supports Nabucco?" Meredov said Berdimuhamedov wants to hear them say the magic name, "United States."

¶9. (S) COMMENT: While Berdimuhamedov implicitly appealing to the United States to support his position with Azerbaijan potentially puts us in an awkward position, it also offers great opportunity, if we handle it wisely, to move forward the trans-Caspian flow of Turkmenistan's gas to Europe, bypassing Russia. END COMMENT.

¶10. (U) Under Secretary Jeffery has cleared this cable.
CURRAN